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## Education Appropriations Committee

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### HB 1914

**Brief Description:** Regarding eligibility for higher education institutions' maintenance and operations funding.

**Sponsors:** Representatives Sullivan, Kenney, Simpson and Nelson.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Allows higher education instructional facilities financed through certificates of participation to be eligible for state maintenance and operations funding.</li></ul>
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**Hearing Date:** 2/11/09

**Staff:** Debbie Driver (786-7143)

**Background:**

**Certificates of Participation:**

Institutions of higher education can finance the acquisition, construction and renovation of facilities using state bonds. Bond proceeds for these projects are appropriated in the capital budget. In addition to financing through state bonds, higher education institutions are authorized to enter into financing contracts, such as Certificates of Participation (COP). COPs are a type of security sold for a particular purpose and backed by any component of fees and revenues the university derived from its ownership and operation of its facilities. COPs must be authorized in the Capital budget and, once authorized, the institution is allowed to begin the construction or purchase process.

COPs are not subject to appropriation by the legislature and do not obligate general fund state revenues to be used for their completion. Nor do these contracts count towards state debt limit.

**Maintenance and Operations Funding:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Higher education institutions typically receive maintenance and operations (M&O) funding in the operating budget for instructional space financed through state bonds. Funding M&O for buildings financed through other mechanisms, such as COPs, typically is not included in the operating budget unless the legislature makes an exception for a particular facility.

**Summary of Bill:**

Higher education instructional space financed through COP's are eligible to receive M&O funding to the same extent state funding would be provided if the space were financed using state bonds. Only COPs issued after the effective date of this section (June 30, 2009) would be eligible for this funding.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.